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SIPDIS

DEPARTMENT FOR NEA/ARP, EEB/ESC/TFS

E.O. 12958: DECL: 11/12/2018
TAGS: [PREL](#) [ENRG](#) [EPET](#) [ETTC](#) [IR](#) [MU](#)
SUBJECT: DISCOURAGING OMANI GAS DEALS WITH IRAN

REF: A. STATE 110711
[1](#)B. MUSCAT 662
[1](#)C. MUSCAT 633
[1](#)D. MUSCAT 303
[1](#)E. 07 MUSCAT 1036

Classified By: DCM L. Victor Hurtado for Reasons 1.4 (b, d)

[1](#)1. (C) The DCM delivered ref A demarche on November 5 to Mohammed al-Hassan, Political Affairs Director for the Minister Responsible for Foreign Affairs, Yusef bin Alawi. In particular, the DCM emphasized that a major energy deal with the regime in Tehran would undermine attempts by the P5 plus 1 to reach a diplomatic solution to Iran's nuclear program. He further stressed Iran's unreliability as an energy supplier and the possible application of the Iran Sanctions Act (ISA) to an Oman-Iran gas deal.

[1](#)2. (C) Al-Hassan replied that Iran had not been Oman's first choice as an energy partner. The Sultanate had approached several countries, including the UAE and Qatar, in an attempt to meet Oman's pressing gas needs, but only Iran was both willing and able to supply the needed quantities of gas. Al-Hassan carefully noted that overall trade and commerce between Iran and Oman was "very small" in comparison to that of neighboring GCC states and that this was "not by chance, but by design." "We don't want to get too involved with Iran commercially," he commented. Al-Hassan further said that Omani officials spoke very openly and frankly with the Iranians and had delivered some "tough messages."

[1](#)3. (C) While al-Hassan refrained from providing information on the status or details of negotiations with Iran, he asserted that much of the information in the international media on the proposed gas deal was "inaccurate." The Omani government, accordingly, chose not to respond to such reports. He stated that unlike some other countries, such as Switzerland and Turkey, that had or were very close to finalizing energy agreements with Iran, "(Oman) has no deal yet; when and if there is one, we will tell you." Al-Hassan also remarked that an Oman-Iran deal on gas development was not prohibited by any international agreement or UN sanctions, which the Sultanate was keen to uphold.

[1](#)4. (C) Comment: The Omani government remains aware of our serious concerns over its gas negotiations with Iran. It would likely be pleased to pursue a deal with a different gas supplier, but sees itself with no credible option other than Iran to provide the quantities of natural gas that it desperately needs to fuel its development and economic diversification plans. If we are to realistically expect Oman to abandon its negotiations with Tehran, we should strongly consider engaging with Oman's gas-endowed neighbors to provide the Omanis with a better alternative to Iran. End Comment.
GRAPPO